

July 16, 2019

Joint Hearing of the Livestock and Foreign Agriculture Subcommittee and
General Farm Commodities and Risk Management Subcommittee

Testimony of Kelley Sullivan Georgiades

Good morning, Mr. Chairman and distinguished members of the committee. My name is Kelley Sullivan Georgiades, and I am a 4th generation cattle producer from Crockett and Navasota, Texas, where I own and operate Santa Rosa Ranch.

I am here today on behalf of the 142-year-old Texas and Southwestern Cattle Raisers Association to share our opinion on the current state of the cattle industry and our most pressing challenges for the future.

Our nation is home to 94.8 million head of cattle. My home state of Texas has 13 million, more than any other state and almost double the number of the next closest.

The beef we produce not only provides Americans with a high-quality, safe and nutrient-dense form of protein, but the Texas cattle industry is also the leading contributor to the state's agricultural economy with annual sales in excess of \$12 billion, nearly half (49%) of the total for all commodities.

Though the cattle industry is robust and resilient, it is certainly not without its challenges.

I would encourage the members of this committee to pursue policies that help address these challenges and secure a strong future for our nations cattle producers.

Chief among these issues is trade.

For cattle producers, maintaining and building demand for U.S. beef products is essential. The simple fact is that 96% of the world's consumers live outside of the United States. These customers have become a necessary part of the industry. In 2018 we sold more than \$8.3 billion in U.S. beef products abroad.

Foreign consumers often demand cuts that are not highly sought after in the domestic market. If you go to a steakhouse in the United States, it is doubtful that you will find beef tongue listed among the ribeyes and other top beef cuts. Yet, in those countries who are our largest export markets, such as Japan, South Korea, Mexico, Canada and Hong Kong, beef tongue and other beef varietal cuts are a delicacy and fetch a premium price.

That premium and the additional demand from foreign consumers increases the value of each animal sold in the U.S. by almost \$300 per animal.

We would like to see that value increase because, for many cattle producers, that \$300 per animal may already be the difference between a successful business and bankruptcy. It cannot shrink. We are a low-margin industry.

The most important thing this Congress can do for American ranchers is to approve the U.S.-Mexico-Canada trade agreement (USMCA).

Mexico and Canada, combined, buy \$2 billion in U.S. beef products every single year. That's nearly a quarter of all U.S. beef exports each year and accounts for \$69 of those \$300 realized by U.S. producers as a result of trade.

USMCA keeps the good aspects of NAFTA—unrestricted, duty-free access for U.S. beef and cattle—and does not attempt to incorporate failed policies from the past, like mandatory country of origin labeling.

Failure to maintain free trade with Mexico and Canada would be devastating to cattle producers, and it has also left other trade breakthroughs pending.

The “wait and see” concern is particularly true with Japan, where U.S. beef faces a 38.5% tariff. Though Japan is still the number one destination for U.S. beef, the lower tariffs available to countries like Australia may soon begin to hamper our growth in Japan if we don't act quickly. We have already seen the moderating of export totals to Japan, in spite of their increase in beef demand as a nation.

I implore the members of this body and the entire U.S. Congress to do two things on trade moving forward.

1. Reject calls for failed policies of the past, like M-COOL.
2. Quickly ratify USMCA on behalf of America's ranchers and beef producers.

While trade is our singular focus at the moment, there are many other concerns in our industry that I and others from TSCRA and the industry will continue to discuss. Those range from the “fake meat movement” to the accurate portrayal of sustainability in ranching and needed regulatory reforms.

Finally, I would be remiss if I didn't conclude by thanking this body for your work on behalf of America's cattle producers. That is especially evident in your work on the 2018 Farm Bill, which maintains a strong conservation title and provides funding for a more robust U.S. only Foot-and-Mouth Disease vaccine bank. Thank you for those two vitally important components and your continued attention to their implementation.

Thank you, and I look forward to your questions.